



## ANNUAL USE OF CAPITAL SURVEY - 2009

## NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Business Bancshares Inc. / The Business Bank of St. Louis

Person to be contacted regarding this report:	Brian J. Leeker
CPP Funds Received:	\$15,000,000
CPP Funds Repaid to Date:	\$0
Date Funded (first funding):	4/24/2009
Date Repaid <sup>1</sup> :	

RSSD: (For Bank Holding Companies)	3189728
Holding Company Docket Number: (For Thrift Holding Companies)	N/A
FDIC Certificate Number: (For Depository Institutions)	57358
City:	Saint Louis
State:	Missouri

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

*American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.*

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	Plans were in place to decrease loans in 2009 due to pressure on capital. Although total loans decreased \$37 million, the reduction would have been larger without receiving CPP funds. The CPP capital allowed the Bank to book \$66 million in new loans that it otherwise would not have made.
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<input type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	The balance of investment securities held by the organization increased \$46 million during 2009. The additional CPP Capital allowed the company to purchase additional investment securities, improving the liquidity of the organization.
<input type="checkbox"/>	Make other investments	
<input type="checkbox"/>	Increase reserves for non-performing assets	

<input type="checkbox"/>	Reduce borrowings	
<input type="checkbox"/>	Increase charge-offs	
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	The CPP funds allowed the organization to operate with higher capital levels during 2009. This was important given the continued pressure on the overall economy.

What actions were you able to avoid because of the capital infusion of CPP funds?

Our organization was able to avoid two significant long-term negative actions due to the capital infusion of CPP funds. First, prior to receiving the CPP funds in April 2009, the organization had gone through a reduction in force which resulted in staff reductions of 5 individuals in January of 2009. Management and the Board of Directors contemplated a deeper set of cuts in employees, but after receiving approval for the receipt of CPP funds, the additional staff reductions were avoided. Second, with capital levels approaching levels lower than the organization would like to operate at during a recession, the organization had begun a process of identifying loans to move and to shrink the size of the bank. With the receipt of CPP funds, the plan to shrink the size of the bank was changed to a transformation of the loan portfolio, with no change in the size of the organization. Between receipt of the CPP capital in April and the end of 2009, \$66 million of new loans were booked. Through the receipt of CPP funds in April 2009, the organization was able to avoid further employee layoffs and avoid reducing the size of the Bank.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

The organization increased the capital level of the main banking subsidiary by contributing \$10 million of our CPP funds. This additional capital allowed the bank to operate without having to reduce the size of the Bank or reduce employees. The additional capital allowed the Bank to begin building a Commercial and Industrial Lending Group. This group will result in the hiring of additional employees in 2010 and will be expected to grow loans during 2010. The remaining \$5 million of CPP funds that were received from the Treasury was used to capitalize Meramec Assets LLC ("Meramec"). Meramec is a subsidiary of the holding company which is being used to purchase other real estate owned and problem loans from the main bank subsidiary. This has resulted in reducing the stress caused by the recession on the banking subsidiary.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

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According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.